

TECHNICAL

Direct Taxation

INCOME TAX EXEMPTION ORDER FOR MALAYSIA JAPANESE YEN BONDS
- Income Tax (Exemption) Order 2019 [P.U. (A) 53/2019]

The above [Order](#) (gazette date 25 February 2019) provides income tax exemption in relation to the issuance of Malaysia Japanese Yen Bonds – Series A (2019) Guaranteed by Japan Bank for International Cooperation (For Qualified Institutional Investors Only) (Tekikaku Kikan Toshika Gentei), (referred to below as “the subject Bonds”).

The provisions of the Order are summarized below.

<u>Subparagraph</u>		
1.		<i>Commencement</i> – This Order has effect from the year of assessment (YA) 2019.
2.		<i>Application</i> – This Order shall apply to the subject Bonds with the nominal value up to two hundred billion Yen, other than convertible loan stock issued by the Government of Malaysia.
3.	(1)	<i>Exemption</i> – Any person not resident in Malaysia is exempted from payment of income tax in respect of the following income derived from Malaysia in relation to the issuance of the subject Bonds – (a) interest under S4(c) of the Income Tax Act 1967 (“ITA”); (b) technical services under S4A(ii) of the ITA.
	(2)	The exemption is for a period of 10 years commencing from YA 2019.
	(3)	The exemption does not in any way, absolve the person who is exempted, from complying with any requirement to submit returns or statement of accounts or furnish other information under the ITA.
4.		<i>Non-application</i> – S109 and S109B (withholding tax provisions) shall not apply to the income exempted under paragraph 3.

Members may read the Order in full at the official website of the [Attorney-General's Chambers](#).

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